The Liminal Moment: Rethinking National Security in an Era of Shrinking Budgets

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Strategy and Money

“Strategy Wears a Dollar Sign”

Bernard Brodie, *Strategy in the Missile Age* (1959)
Defense Drawdowns Compared

Note: Topline in out-years includes the Congressional Budget Office (CBO) estimate of overseas contingency operations (OCO) based on a phased drawdown to 30,000 troops in 2017 and remaining flat thereafter.

Build-downs: Ten-Year Horizon from Peak Pentagon Budget

as percent of highest budget year

Savings

<table>
<thead>
<tr>
<th>Country</th>
<th>Savings</th>
<th>Y10 % less Y1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>$2.4T</td>
<td>31%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$1.3T</td>
<td>28%</td>
</tr>
<tr>
<td>Cold War</td>
<td>$1.0T</td>
<td>31%</td>
</tr>
<tr>
<td>Admin Plan</td>
<td>$1.3T</td>
<td>21%</td>
</tr>
<tr>
<td>Sequester</td>
<td>$1.8T</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: FY13 Greenbook, Table 6-8, OMB Tables 32-1 and 10-1; ATRA/BCA

Sequestration scenario presumes that initial savings is all taken from FY13. Data is not available to compute "sequesterable base" or to allocate cuts to prior-year unobligated balances.
National Defense in Murray-Ryan Budget Deal

Deal FY14: $521B
BCA FY14: $498B

Constant FY14 dollars
Nominal dollars

FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21

1/21/14
Unrelenting Pressure on the Defense Topline

Note: Topline assumes that total federal spending from 2018 to 2040 grows at 3.1 percent above GDP (the average annual growth rate planned for 2013-2017 in the FY13 budget request).


CSIS independent analysis based on CBO federal spending projections from 2022-2040
Military Personnel Budget Authority (Incl Health) per Capita (AC Personnel)

Constant Dollars (FY13, Thousands)

Source: FY13 Green Book Tables 6-8 & 7-5; CBO Long-Term Implications of the FY2013 Defense Program (Table 2-2)
Growth in Pay and Benefits of Military Personnel: The Military Medical System

Billions of FY 2014 dollars

Source: Congressional Budget Office, *Long-Term Implications of the 2014 Future Years Defense Program*, November 2013
Growth in O&M per Active-Duty Service Member

Costs of Operation and Maintenance per Active-Duty Service Member

(Thousands of 2014 dollars)

Source: Congressional Budget Office, Long-Term Implications of the 2014 Future Years Defense Program, November 2013
Active Duty Personnel in Infrastructure Positions

- Force Installations: 11%
- Acquisition: 9%
- Central Logistics: 3%
- Defense Health: 3%
- Central Personnel Admin: 17%
- Central Training: 11%
- Departmental Management: 37%
- Other Infrastructure: 9%

Source: FY12 Defense Manpower Requirements Report
Projection of FY 2014 Defense Budget Request by Appropriation Title

Source: Congressional Budget Office, *Long-Term Implications of the 2014 Future Years Defense Program*, November 2013
Example of Cost Growth in Acquisition Programs: The Navy’s Shipbuilding Program

Average Annual Costs of New-Ship Construction Under the Navy’s 2014 Plan

Source: Congressional Budget Office, An Analysis of the Navy’s Fiscal Year 2014 Shipbuilding Plan, October 2013
"If DoD wants to maintain end strength at currently planned levels but cannot reduce the growth rate of personnel and O&M costs below their historical norms, then personnel and O&M costs could consume 80% of the budget by FY21."

–CSBA Senior Fellow Todd Harrison (also a CSIS Defense Drawdown Working Group member)
Time to Make Choices

“To govern is to choose. To appear to be unable to choose is to appear to be unable to govern.”

- Nigel Lawson, British Chancellor of the Exchequer (1983-89)
Making Choices Means Budget Discipline

“The budget has basically doubled in the last decade. And my own experience here is that in doubling, we’ve lost our ability to prioritize, to make hard decisions, to do tough analysis, to make trades.”

- Adm. Mike Mullen, CJCS
January 6, 2011
10-Year Presidential Budget Requests for Defense

in billions of dollars

Source: S-11s from that year OMB Summary Tables
Cold War Builddown by Budget Title
as a share of FY85 (inflation adjusted)

Source: DOD Green Book Table 6-8
It’s Not About Military Presence

“Naïve is thinking that everything is about the absence or presence of American power and that the people of the region have no agency.”

- Tom Friedman, New York Times, 1.8.14
Strategic Agility

Interests: Which Ones Are Worth Fighting For?

• Vital Interests:
  – Protecting US Homeland
  – Protecting US Allies from Attack
  – Ensuring Unimpeded Access to Global Commons

• Conditional Interests:
  – Resolving Intrastate Conflicts
  – Stabilizing Governance
Key Strategic Operating Principles

• Focus on Defending Vital Interests
• Ensure Globally Superior Space, Air, Naval, and Special Operations Forces
• Reform Manpower, Compensation & Procurement Systems
• Resist Protracted Land Stability & Counterinsurgency Wars
• Reduce Yet Maintain Highly Capable Ground Forces
# Summary of Changes

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>Strategic Agility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Manpower, Active (thousands)</td>
<td>1,400</td>
<td>1,220</td>
</tr>
<tr>
<td>Civilians (thousands)</td>
<td>800</td>
<td>750</td>
</tr>
<tr>
<td>Army Combat End-strength (thousands)*</td>
<td>490</td>
<td>450</td>
</tr>
<tr>
<td>Air Force Active Fighters</td>
<td>1,289</td>
<td>950</td>
</tr>
<tr>
<td>Navy Aircraft Carriers</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Marine Corps Combat End-strength (thousands)</td>
<td>182</td>
<td>160</td>
</tr>
<tr>
<td>FY15 DoD Budget (billions of constant FY13 dollars)</td>
<td>$524</td>
<td>$474</td>
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</tbody>
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*Army and Marine Corps end-strength figures do not include reductions from management reforms*